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Per 11 SEP 19

Gen
Secretary
1919
Day
Papers

Rolling Stock for Uga. Railway

335

Requirements total £537,280 of which £441,000 is required for obligation to Magadi Soda Co. Requires grant from Imp. Govt for the purpose.

Sir H. Read, Li. G. Dicks

I have made a reference to this in my report on the general loan paper. 9/45697

The Governor asks that the rolling stock, etc. required in connection with our obligations to the Magadi Soda Company may be met out of a special grant-in-aid on the ground that the rate laid down in the Agreement with the Company and the royalty do not cover expenses.

You will remember that when the Agreement was first made we received two or three grants from the Treasury to cover the cost of the necessary improvements of the line for carrying the soda traffic. This was abruptly when the E.A.P. was declared and the Treas. will not readily agree to such a grant especially in such a large sum as £441,000 now involved, as a special grant not involving Treas. Control of the Protectorate's finances.

Clearly the result of increased costs has

next subsequent Paper.
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been to turn the contemplated profit on the Magadi Agreement into a bad bargain for the Prot., but if the Protectorate is independent it is a little unreasonable to expect the Imperial Govt. to add another half million or so to the present of five and a half millions which it gave to the Prot. in the form of the Uganda Railway itself.

While I am anxious that the Prot. should be relieved to the utmost possible extent in its present difficulties, I fear that there is no justification for an application to the Treas. in the sense of Sir S. Northey's proposal. I have gone on the assumption, therefore, that this amount must be added to our loan requirements.

With regard to the balance of the charges for locomotives and rolling stock, viz. £144,600, the Gov. proposes to find the money partly from revenue, partly from the unexpended balance of £85,000 outstanding from the Uganda Railway Capital Account and partly from the new loan funds. The ^{figure of} ~~second source is stated~~ to ~~amount to~~ £5,000 and this agrees with the statement which we had in 1914 of an unallocated balance of £79,000 plus surplus of other items amounting to Rs. 82,574.

It must be presumed that no inroads have been made on this amount during the war period.

The spending of the capital monies on additional rolling stock is in order, but as the Gov. points out there will be difficulty in making it available owing to the greater part of it being locked up in unallocated stores. There is, however, a sum of £18,000 in the hands of the Crown Agents which is liquid. For the particular purpose of assessing our loan requirements I see no point in distinguishing the exact funds from which items of rolling stock should be met. Both in the case of the Capital allocation and of Revenue

little

160,000 tons of soda per annum. To meet this demand it will be necessary to provide additional accommodation and equipment of the kind already mentioned, for which is required a further sum of £48,400, which is made up as follows:-

Staff	£.	
Uganda	13,250	
Malindi	14,450	27,700
Sheds enlarging		6,700
New stations		14,000
		<hr/>
		£48,400

3. The funds necessary to meet the Protectorate's obligations to the Magadi Soda Company amount therefore to £441,080, and there are, I am afraid, no indications at present that the Protectorate will be able to find any part of this amount. It is therefore hoped that Your Lordship will be able to make some arrangements for a grant from the Imperial Government for the purpose, such as those which have been made in the past. As the Magadi soda traffic has to be carried at a loss, which is not covered by the Royalty payable on the soda, the increased expenditure will bring in no adequate return from which any loan charges could be met, and it is on this account that I am not suggesting that a loan should be asked for for the purpose.

4. Out of £537,280, which is detailed in the first paragraph, the sum of £392,680 is, as already stated, required for Magadi Soda traffic. The balance of £144,600, the estimated cost of 15 engines, is required for the other Uganda Railway traffic, and

is a very pressing one and I trust that
to the furthering of any
the delivery of

Upon the honour to be,
Your Lordship's
Worthy, obedient servant,

Edward Northey

Secretary to the Admiralty
Whitehall

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SECRET
ADMIRALTY